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DeNUCCI CITES SERIOUS MISMANAGEMENT AT RANDOLPH HOUSING AUTHORITY

State Auditor Joe DeNucci reported today that rampant mismanagement during a former executive director's tenure at the Randolph Housing Authority resulted in numerous irregularities and illegalities.

Problems cited in DeNucci's audit included improper tenant selection and rent determination, favors awarded to relatives of board members, lax tax reporting, lost revenue, safety and security concerns, the creation of questionable accounts, and inadequate oversight and monitoring in virtually all areas of the authority's administration.

DeNucci's audit cited apparent favoritism in the housing authority's tenant selection and rent determination practices at the expense of qualified and deserving applicants. For example, one tenant who was improperly housed under "emergency status" had previously lived at a property owned by the then-executive director's father, who is in the real estate business. In another case, a tenant was housed after the authority's board chairman had purchased the house of the tenant's mother, a former board member. The tenant was described as homeless and disabled, although there was no documentation for this in his file.

Furthermore, most of the rent determinations that were reviewed by DeNucci's staff were not accurate because supporting evidence, including income verification, was missing. As a result, many tenants were undercharged. The audit also found that certain tenant files were missing applications and that the application process was tampered with and manipulated.

According to DeNucci's audit, the authority's accountant discovered that tenant rental income was short by at least \$21,765 in April 2004 and that the authority's bookkeeper went on vacation in May and did not return to work as scheduled. More than \$16,300 in cash and rent checks was found in her locked desk. The matter was referred to the Norfolk County District Attorney's Office and the former bookkeeper was charged with embezzlement.

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The audit disclosed problems with the authority's maintenance department that led to an increase in vacant units from four to 22, resulting in estimated lost rental income of \$6,000 per month. Also, no deposits were made for revenues from coin-operated washers and dryers in the authority's three facilities during a three-month period and only half were deposited during another two-month period, resulting in an estimated \$5,400 in missing laundry income.

DeNucci's audit also questioned the authority's "donation bank account" which it opened with a \$300 transfer from the laundry money. The authority created this account to pay for expenses such as parties, flowers and tips, all of which are unallowable expenditures of state funds. The account was also funded with donations from local firms doing business with the authority, a violation of state law. Other irregularities included paying \$2,100 for a tenant cookout; paying the salary of a part-time custodial worker who was related to a board member and not reporting the payments to tax authorities; authority staff making personal purchases through the authority's accounts; inappropriate personal use of authority vehicles; poor control over employees' vacation time; and missing and inaccurate financial records.

Also, the authority paid its maintenance employees through no-bid contracts for such work as painting and landscaping that should have been part of the workers' regular job requirements. These payments were also not reported to the appropriate tax agencies.

In addition, DeNucci disclosed that the authority's facilities experienced a number of safety and security concerns, including break-ins, an apparent arson attempt and illegal drug activity. In other questionable practices, the former executive director owned property for which he obtained federal Section 8 funding from the Avon Housing Authority; he overcharged Avon for rent and later reduced the rent after being questioned by the Avon executive director. An examination of the former executive director's computer files found that the computer, which was Randolph Housing Authority property, had been used for the former director's private realty business and other non-authority-related matters.

The present executive director and board have taken steps to correct the issues identified in the audit.

"Virtually all of the problems uncovered by this audit were the result of mismanagement and the prior board of directors not properly monitoring the Authority's activities," concluded DeNucci. "The Randolph Housing Authority's board and its present executive director should ensure that the agency fully complies with state law and sound business practice."